



MINISTRY OF
JUSTICE
Tāhū o te Ture



LINE BY LINE REVIEW OF EXPENDITURE

In response to directions given by the Minister of Finance on 17 December 2008

5 February 2009

CONTENTS

The Ministry of Justice	9
Government priorities	12
Vote Justice priorities	12
Vote Courts priorities	13
Vote Treaty priorities	13
Fiscal risks identified in PREFU	14
Demand for Justice Services	15
Cost pressures	15
Budget Bids	17
Demand pressures	18
2004 Baseline Review	21
Overview of proposed savings and opportunities	23
Savings for Budget 2009/2010 to balance Ministry budget and initial cost savings	25
Further possible savings for Budget 2009/2010 if required	25
Savings for 2010/2011 and outyears to be investigated further	25
Policy, operational and corporate implications for savings initiatives	32
Work programme areas to be investigated further for alignment with priorities, efficiency and effectiveness	32
Next steps	35
Progression of cost savings identified	35
Exploration of other opportunities for cost savings and enhancing efficiency	35
Identification of further opportunities for cost saving	36
Manage changes	36
Appendix A: Government priorities	37
Appendix B: Vote Justice analysis	39
Appendix C: Vote Courts analysis	45
Appendix D: Vote Treaty Negotiations analysis	54
Appendix E: Crown Entities	58
Appendix F: Reducing personnel expenditure	60
Appendix G: Opportunities for savings to be made for Budget 2009/2010 to balance the Ministry's budget and provide initial cost savings	64
Appendix H: Opportunities for further possible savings to be made for 2009/2010 if required	67
Appendix I: Opportunities for savings for 2010/2011 and outyears to be investigated further	70
Appendix J: Work programme analysis	74

EXECUTIVE SUMMARY

New Zealand faces a constrained economic and fiscal position. The Government wishes to improve value for money in the state sector, and to ensure that election campaign commitments can be implemented.

The line by line review is the beginning of a process of carefully scrutinising expenditure. It involves:

- identifying expenditure that does not align with Government priorities to help free up savings for Budget 2009
- identifying areas where there are opportunities for improved efficiency and effectiveness to inform future value for money reviews and
- building confidence that management are well placed to meet the shift the state sector is expected to make.

Through the line by line review process, government agencies have been asked to identify:

- savings that can be freed up for Budget 2009
- programmes that are inconsistent with the Government's priorities and should be discontinued
- programmes that may be inconsistent with the Government's priorities and should be investigated
- programmes and expenditure that are not efficient or effective
- areas where performance information is insufficient to make a judgement about efficiency and effectiveness, and actions agencies should take to make improvements by the next review period.

A line by line review shows that...

The Ministry of Justice (the Ministry) is facing cost pressures caused by:

- increasing demand for Ministry services
- inflationary pressures
- taking on additional functions without appropriate funding.

But cost savings can and will be made through enhanced efficiency and continued innovation.

In the short-term:

- there will be pressure on budgets in 2009/10
- significant cost savings are needed and these have been identified and costed; there are risks associated with these but they will be managed
- the Ministry will balance expenditure and revenue for 2009/10
- the Ministry has prepared bids to address both the effects of Government's priorities and emergency pressures.

In the medium-term there are:

- cost savings to be obtained through enhanced efficiency
- further avenues to be explored for additional cost savings
- opportunities to change the way the Ministry does business

- significant risks to be explored and mitigated.

There are several elements to the Ministry's funding

The Ministry has a significant capital programme:

- total assets of \$734.860m
- net assets of \$677.470m
- \$117.300m of capital expenditure planned for 2008/09.

Approximately \$440m of the investment is in land, building and improvements, which incur a capital charge and a depreciation charge of approximately \$108.2m per annum.

The Ministry receives approximately \$1,116.48m revenue per annum, of which:

- 59% is distributed to other entities to fund services such as legal aid or judicial salaries
- 41% is used to purchase services such as courts operations and policy advice from the Ministry of Justice.

The Ministry is conducting ongoing reviews of expenditure to examine:

1. the Ministry's own operations (departmental expenditures)
2. the funds for which the Ministry has an oversight and monitoring responsibility (non-departmental expenditures)
3. the Ministry's capital situation, and possibilities for change therein.

Alignment with Government priorities

The Ministry has aligned its agreed work programme with the priorities of the Minister of Justice, the Minister for Treaty of Waitangi Negotiations, and the Minister for Courts. Low-priority items on the work programme have been removed.

The work programme of the Office of Treaty Settlements appears aligned with the Government's objective of settling Treaty claims by 2014, although this will not be confirmed until the Cabinet Committee on Treaty of Waitangi Negotiations meets on 18 February 2009.

The operations of courts, tribunals and collections address the Minister's objectives of operational efficiency and effectiveness.

Specific activities, projects and programmes undertaken by the Ministry have been assessed for their alignment with priorities.

A number are loosely aligned with the Government's priorities, and will be examined for efficiency and potential cost savings. These include:

- *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

The Ministry's line by line review process has also covered non-departmental expenditures...

These reviews have been conducted in a short time, and there are opportunities to revisit these in more detail. The Ministry has identified potential opportunities for improved efficiencies and effectiveness:

- *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

The Ministry of Justice faces pressures on its departmental appropriations...

(\$000)	Forecast 2009/10	Forecast 2010/11	Forecast 2011/12	Forecast 2012/13
Forecast Appropriation	458,291	456,148	470,743	451,418
Forecast Departmental expenditure	466,786	467,127	483,735	466,504
Surplus/(Deficit)	(8,495)	(10,979)	(12,992)	(15,086)
Savings activities				
Immediate	<i>[deleted – confidentiality of advice]</i>			
Additional savings options for investigation				
Outyears savings to be further investigated				
Total savings activities				
Budget bids				
	<i>[deleted – confidentiality of advice]</i>			
OTS pressures	5,350	5,618	5,618	5,618
100-days priority bids				
Emergency pressures				
Savings (collections)	2,555	3,976	3,239	3,291
Total budget bids	<i>[deleted – confidentiality of advice]</i>			
Total expected increases to Crown revenue from budget initiatives				

The largest single budget item is personnel...

This means that personnel costs are the top priority for identifying cost savings within the Ministry's operations.

	(\$000)	Forecast 2009/10	Forecast 2010/11	Forecast 2011/12	Forecast 2012/13
Personnel		201,598	202,298	212,598	201,598
Operating Expenses		156,800	156,440	162,749	156,517
Depreciation & Capital Charge		108,389	108,389	108,389	108,389
Total		466,787	467,127	483,736	466,504

[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]. On the basis of the immediate cost saving proposals, jobs will be lost in the National Office, and all major centres.

... and overhead costs average around 15.6% over the past five years

	(\$000)	Actual 2005/06	Actual 2006/07	Actual 2007/08	Budget 2008/09	Forecast 2009/10
Service Delivery		312,395	318,613	370,212	412,420	392,749
Service Infrastructure		52,462	63,861	67,181	77,745	74,037
Total		364,857	382,474	437,392	490,165	466,787
Overhead* as % of total cost		14%	17%	15%	16%	16%

*Overhead costs include IT, corporate functions (HR, financial services etc), and administrative support.

There are opportunities to reduce overhead as a:

- consequence of savings in other areas
- proportion of total cost through enhanced efficiencies and reprioritisation.

All cost savings measures have associated risks and implementation costs

[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]

It must be emphasised that the estimated savings are indicative only. While all care has been taken in the estimation of the savings in the time available, more detailed figures will be available with further work.

In addition, it should be noted that achieving these savings will not be easy. In particular, savings associated with reducing personnel costs will require appropriate consultation before

final decisions can be made on whether or not to progress, and how this should best occur. The initiatives have the potential to cause disruption, distraction and loss of productivity. The Ministry is working on an approach to implementation to address these issues.

Savings to be made for 2009/2010 to address Ministry budget and provide initial cost savings

Opportunity	(\$000)	Net savings 2009/10	Net savings Outyears
Restructure and reduce personnel expenditure in Operations (i.e. Courts and Collections)		<i>[deleted- confidentiality of advice]</i>	
Restructure and reduce personnel expenditure in the policy function		2,951	2,951
Restructure and reduce expenditure in the sector related functional area		1,670	1,670
Better procurement of printing services		620	1,245
<i>[deleted- negotiate without prejudice]</i>			
Self insurance of property portfolio		<i>[deleted – negotiate without prejudice]</i>	
<i>[deleted – judicial information]</i>			
Sublet part of the Vogel Centre in Wellington		800	800
Renegotiate IT contracts		<i>[deleted – negotiate without prejudice]</i>	
Consolidate IT servers		280	280
Reduce the staff Learning and Development Fund		540	540
Reduce the level of maintenance completed on property		500	500
Total		<i>[deleted- confidentiality of advice]</i>	

Further possible savings for 2009/2010 if required

[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]

Savings for 2010/2011 and outyears to be investigated further

Most of these opportunities require further work to estimate associated cost savings.

Opportunity	(\$000)	Net savings 2010/11	Net savings Outyears
<i>[deleted- confidentiality of advice]</i>			
Progress criminal procedure simplification		Further work req'd	Further work req'd
<i>[deleted- confidentiality of advice]</i>			
Take a new approach to reduce crime and victimisation		Further work req'd	Further work req'd
<i>[deleted- confidentiality of advice]</i>			
Reduction in bank fees by reducing use of cheques		<i>[deleted – negotiate without prejudice]</i>	
<i>[deleted – judicial information]</i>			
<i>[deleted – confidentiality of advice]</i>			
Improve Auckland service delivery		Further work req'd	Further work req'd
<i>[deleted- confidentiality of advice]</i>			
Reconsider the capital budget		Further work req'd	Further work req'd
<i>[deleted- confidentiality of advice]</i>			
Total		<i>[deleted- confidentiality of advice]</i>	
<i>[deleted- confidentiality of advice]</i>			

There are also cost savings opportunities to be considered at the justice sector level

- Further ongoing development of court and legal aid processes in order to make them more efficient, thereby reducing cost
- Reducing offending and victimisation, in order to reduce demand for justice services and pressure on courts
- Addressing courts pressures in Auckland
- Further examination of Crown Entities and other agencies.

Next steps...

This review has been undertaken within a very short timeframe, and the savings and opportunities for increasing efficiency and effectiveness that have been identified are necessarily indicative. Many areas of potential cost savings are currently being explored in more detail and further opportunities for enhancing efficiency and saving costs are being sought.

Further reviews have been indicated, and there are a number of measures to be undertaken to progress the measures identified in this exercise and to prepare for further ongoing review:

- progression of cost savings identified
- exploration of other opportunities for cost savings and enhancing efficiency
- identification of further opportunities for cost saving
- ensure that the Ministry's ability to do its job is not further compromised
- consideration of ways to improve Crown revenue.

INTRODUCTION

On 17 December 2008, the Minister of Finance, Hon Bill English, formally requested a line by line review of Ministry of Justice (the Ministry) expenditure. The Minister stated that New Zealand's economic position has deteriorated significantly and that action must be taken to improve the future fiscal position. The Government is focussed on improving the value for money that taxpayers receive from the state sector, and ensuring that election campaign commitments can be implemented.

The line by line review is the beginning of a process of carefully scrutinising expenditure. It involves each Government agency:

1. identifying expenditure that does not align with Government priorities to help free up savings for Budget 2009;
2. identifying areas where there are opportunities for improved efficiency and effectiveness to inform future value for money reviews; and
3. building confidence that management are well-placed to meet the shift the state sector is expected to make.

This review process sits alongside the normal Budget process, and the efforts already underway by the Ministry of Justice to contain expenditure within Baseline funding.

The line by line review also addresses the current status of fiscal risks in Vote Justice and Courts identified in the Pre-election Economic and Fiscal Update (PREFU).

The Ministry has undertaken a high-level line by line review of its expenditure, building on the cost saving exercise begun in 2008 to identify potential sources of savings to meet projected budget shortfalls in Budget 2009 and outyears.

The review has focussed on areas within Ministry of Justice responsibility. Other justice sector agencies have done the same. However, as the Ministry also has a sector leadership role, a next step should be to look for opportunities for savings across organisations and/or the sector, which have not been identified through this process.

The approach taken has been to seek any and all sources of enduring savings, across all the Ministry's activities, stemming from better alignment with Government's priorities; improved efficiency and effectiveness; reduced service provision; and innovative changes to the way the Ministry does its business, within the constraint of maintaining service levels to the public.

The approach has been multi-year, examining cost savings opportunities and their consequences out to 2012/13, and has looked at both operating and capital expenses, departmental and non-departmental expenditures.

The review has also assumed that policy settings will not remain constant – and in doing so, has looked for cost savings opportunities that will require policy changes in order to realise savings, as well as ways in which policy settings might be changed to achieve similar outcomes more efficiently and effectively.

THE MINISTRY OF JUSTICE

A well-functioning justice system is a cornerstone of New Zealand's economy and society. The justice system defines and enforces rights and freedoms. It enables people to conduct their business with confidence, and to lead their lives in safety.

The central components of a well-functioning justice system are an up-to-date and efficient legal system, a properly supported judiciary, an efficient court system that provides certainty of rights and the timely resolution of disputes. Other agencies also play essential roles, for instance Police in the apprehension and prevention of offending, and Corrections in the management of offenders. The role performed by both agencies has an impact on the efficiency of the court system.

The public value of the resources devoted to the justice system comprise the value to citizens of their personal safety and property; of knowing that there are predictable methods of resolving disputes; of having trustworthy government and other governance institutions; and of being able to engage in transactions (including investment).

The Ministry of Justice (the Ministry) is one part of the justice system, which operates as an interdependent system made up of six core justice statutory Crown entities and other agencies, and the judiciary. One part of the system often has unanticipated and unintentional impacts on the other parts. There is a risk that changes in one agency will not improve justice sector affordability overall, but purely transfer costs between agencies.

The separation of powers between the legislature, executive, and judiciary is a fundamental principle of democratic governments such as that of New Zealand. A separate, independent judiciary must be able to decide matters according to law, free of all inappropriate pressures. Judicial independence is crucial to the rule of law and in upholding public confidence in the court system. It requires that judges undertake their responsibilities without interference from the legislative or executive branches of government or any other person, in order to safeguard the interests of the parties to court proceedings. Although judicial decision making is an independent process, it is one of government's activities, and resources are allocated for that purpose by the Executive through the Ministry which is charged with administering the court and tribunal system. The Ministry is then accountable to Parliament for expenditure by the judiciary. The Ministry (appropriately) does not control this expenditure, although judicial entitlements specify limits in some areas.

An inherent risk in this operating model is that funding could be, or could be perceived as being, diverted from the courts to other functions of the Ministry. The Ministry provides a range of financial information to demonstrate that this is not the case.

There is also a set of independent decision makers, whose actions can have considerable impacts on other players, who are unable to influence these actions or necessarily plan for them. For example, decisions by Police and judges can have a significant impact on the Ministry of Justice's management of court room usage and waiting times, and Department of Corrections' prison bed availability. The cumulative effect of independent small decisions can be significant, particularly in the criminal justice sector.

In a similar manner, there is a link between policy development, legislative enactment and implementation such that the financial implications of policy development within the Ministry of Justice and the Police frequently falls heavily on both other sector agencies and the courts and tribunals system.

The Ministry of Justice supports and sustains the justice system through:

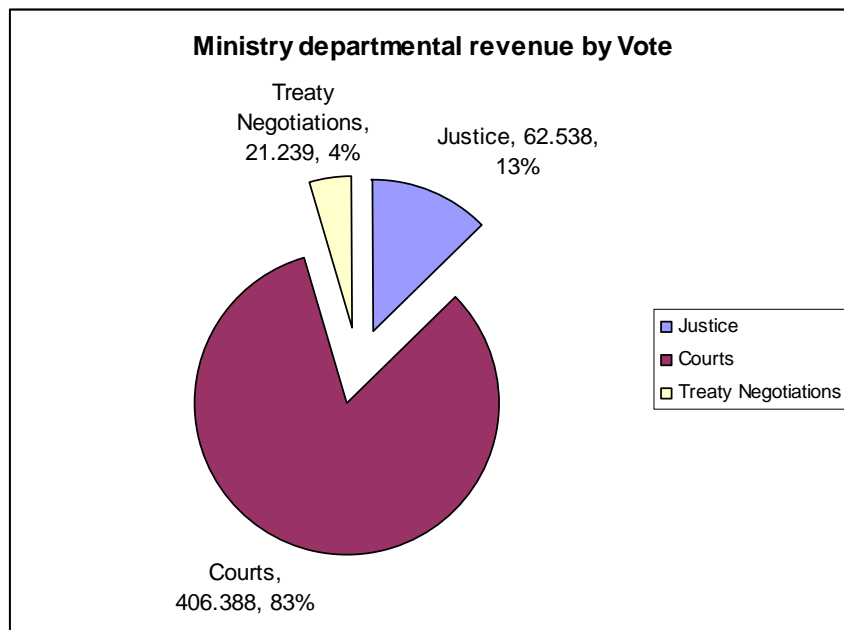
- delivery of operational services, including court and tribunal related services, collections, electoral services and negotiations for settling historical Treaty of Waitangi claims
- provision of support to the judiciary
- provision of policy advice and ministerial services
- leadership of the justice sector
- settlement of Treaty of Waitangi claims, and
- management of non-department output classes.

These functions are administered by the Ministry under Vote Justice, Vote Courts, and Vote Treaty Negotiations. The Ministry also manages a number of non-departmental activities on behalf of the Crown. Figures are budgeted departmental expenses for the year ending 30 June 2009.

Table 1: Departmental and Non-departmental Expenses

	(\$000)	Departmental	Non-departmental	Total
Justice		62,538	21,499	277,528
Courts		406,388	326,704	733,092
Treaty Negotiations		21,239	84,626	105,865
Total		490,165	62,632	1,116,485

Figure 1: Ministry Revenue by Vote



The Ministry also manages a number of non-departmental activities on behalf of the Crown:

- Crown entities: Electoral Commission, Human Rights Commission, Legal Services Agency, Office of the Privacy Commissioner, the Law Commission, the Independent Police Conduct Authority, and fiduciary services from Public Trust.
- Other statutory bodies: the Inspector-General of Intelligence and Security and the Representation Commission.
- Other non-Government organisations (NGOs), community and local government agency providers such as the Electoral Enrolment Centre (NZ Post Ltd) and the New Zealand Council of Victim Support Groups.

New Zealand spends less per capita on law and order than comparable nations, and consistently performs well compared to other nations in the Organisation for Economic Co-operation and Development (OECD) on a range of measures, including rule of law, the integrity and efficiency of the legal system, security of property rights and ease of doing business (including trading across borders, protecting investors, and enforcing contracts).

New Zealand does however have a significantly higher incarceration rate than the United Kingdom, Australia and Canada, and is the third highest in the OECD. Our prison population is forecast to continue growing under existing policy settings. Current Government policy does not address this issue, but it is one that could be addressed and which may lead to significant savings but over quite a long time frame and could be looked at in terms of the drivers of crime and the communities' response to some of those.

GOVERNMENT PRIORITIES

The Ministry of Justice is a diverse organisation, comprising a policy group with wide-ranging policy parameters, a Treaty settlements unit, the Electoral Office, and a very large, operationally-focused courts unit. The Ministry also provides a sector leadership role, which benefits other agencies, as well as the Ministry. The Ministry also provides support services for those units.

The Ministry has acted to reprioritise work and deliver on the Government's 'First 100 Days' justice sector priorities. Beyond these immediate priorities, however, the Government has also identified other relevant commitments and broad areas of focus that it wishes to pursue.

The Government's justice-related priorities, identified from its statements related to law and order, have been classified into seven broad areas, shown in Appendix A, as follows:

- Addressing the drivers of crime
- Better tools to respond to crime
- Stronger sanctions to hold offenders to account and ensure public safety
- Strengthening the focus on victims (especially children)
- Changes to constitutional and family law
- Improving court processes
- Improved value from public spending and support for economic growth.

Ministers have also expressed their key priorities as:

- Addressing the drivers of crime
- Simplifying criminal procedure
- Addressing court workloads
- Improving the collection of fines and infringements
- Improving court security
- Settling Treaty of Waitangi Claims by 2014.

Vote Justice priorities

The policy group has a large work programme, which by its nature, is very responsive to Ministerial requirements. The Ministry has conducted a process of engagement and agreement on priorities with the Minister of Justice and is confident that the work programme aligns with the Minister's priorities.

The Minister of Justice has indicated that his top priorities are implementing post-election justice commitments, addressing the drivers of crime and reducing crime and victimisation, criminal procedure simplification, reviewing legal aid, improving the responsiveness of the justice system to victims, and reducing alcohol-related harm and cost.

The Minister has agreed work programme priorities with the Ministry and has in addition agreed not to progress work programme items identified by the Ministry as being of low priority. This will need to be formalised to show a clear trail of work volumes and costs.

Vote Courts priorities

Within the operational element of the Ministry of Justice, the major focus is the business of efficiently and effectively supporting the country's courts and tribunals system. The Vote also includes services to the judiciary and the collection of fines and reparations.

Discussion with the Minister for Courts indicates that her top priorities are:

- Court readiness to implement the first 100 days priorities
- Addressing court and Tribunal workloads
- Improving the collection of fines and infringements, and
- Improving court security.

The highest Vote Courts priority is to ensure that the courts are ready and able to implement the first 100 days priorities, and deal with the forecast 6,000 extra cases per year in the court system.

Addressing Court workloads encompasses several initiatives that will create capacity and greater efficiencies in the delivery of core operational court services. They include:

- tackling the demand for services in Auckland by re-designing the courts business model in Auckland and investing in new courthouses
- simplifying criminal procedure in the District Court to increase the number of criminal cases that can be cleared within District Courts capacity
- using technology such as Audio Visual Links to enable long-term efficiency gains in courts and the justice sector
- increasing the ability of lower level, non-judge judicial officers to free up judge's time for more complex cases.

Improving the collection of fines and infringements by using a targeted approach would increase voluntary payment, earlier payment and ensure enforcement actions that are taken successfully resolve outstanding debt.

Security staff are deployed to courts assessed to be most high risk, depending on the cases being heard. Because of limited staff resources the security presence and security scanning in courts is not consistent, even in the largest courts.

Vote Treaty priorities

The Office of Treaty Settlements has presented options to its Minister, who will in turn be seeking Ministerial support on the strategic direction over the next five years at the Cabinet Committee on Treaty of Waitangi Negotiations to be held on 18 February. Following direction from the Committee, the OTS work programme will be fully aligned with Government priorities.

The main goal under Vote Treaty Negotiations is the satisfactory settlement of all Treaty of Waitangi claims by 2014. The new goal of settlement by 2014 will have significant cost implications.

Fiscal risks identified in PREFU

In the Pre-election Economic and Fiscal Update, four fiscal risks arising from policy choices were identified.

1. **The Supreme Court Building (construction costs).** The value of the risk was \$8m-\$12m capital and \$2m-\$4m operating between 2008/09 and 2012/13. \$8.25m of capital funding and associated operating funding has been approved for drawing down. The remaining \$3.8m was tagged in contingency which has now been abolished. The Ministry of Justice anticipates needing the remaining money to complete the building and expects to be able to absorb the remaining capital costs and associated operating costs through re-prioritisation. Therefore this risk can be closed.
2. **The Greater Auckland Service Delivery Strategy.** The implementation of that Strategy should continue to be a fiscal risk as work on developing the Strategy continues (a progress report is due to Cabinet Committee in March 2009), it aligns closely with the priorities of the Minister for Courts in addressing court workloads, and significant investment continues to be required to meet growing case volumes in Auckland's courts.
3. **The Financial Action Taskforce recommendations.** The value of the risk was \$15M operating per annum. *[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*
4. **Effective Interventions.** The primary risk related to this programme was from lack of sufficient resources to adequately provide supervision of community sentences within the Department of Corrections and has been captured in their budget bids. Therefore this risk can be closed.

DEMAND FOR JUSTICE SERVICES

Over the past five years, since the creation of the Ministry of Justice in its present form, from a merger of the Department of Courts and the small policy-oriented Ministry of Justice, the Ministry has faced cost pressures driven by inflation, an expansion of Ministry functions and a growing demand for justice services.

Across the Ministry's core functions of the provision of courts and tribunals services and the provision of policy advice, external and largely uncontrollable demand has increased over that five year period. Ministry functions have expanded to include several new tribunals – the Environment Court and the Disputes Tribunal - and supporting several new pieces of legislation including the Foreshore and Seabed Act.

Responding to these increases in demand for new and existing functions, the Ministry has grown in size. At 30 June 2004, following the merger, the new Ministry had a combined total of 2,348 FTE employees. Since June 2004, the number of staff employed by the Ministry has increased in size by 698 FTEs. However, it is important to note that current staff numbers include a number of roles which are of fixed term duration due to the project specific nature of the role, as well as fixed term staff engaged for the administration of the 2008 general election.

Since 2003, cost pressures have been addressed by internal prioritisation in order to remain within external appropriations.

Cost pressures

A key cost pressure for the Ministry has been remuneration. *[information deleted in order to enable the Crown to negotiate without disadvantage or prejudice]*. The table below illustrates cost pressures associated with average remuneration rates over the last five years.

Table 2: Remuneration

(\$000)	Actual 2005	Actual 2006	Actual 2007	Actual 2008	Budget 2009
Salaries and Wages	110,388	122,022	133,310	160,330	184,416
FTE Numbers	2,567.8	2,728.0	2,846.4	3,055.8	3,085.5
Cost/FTEs	42.99	44.73	46.83	52.47	59.77

With the declining economic environment, it is anticipated that labour market conditions and pressures are likely to decline over the next year and onwards.

Revenue and staffing levels have also grown as the Ministry has supported the introduction of new legislation, such as the Foreshore and Seabed Act, and taken on new functions.

Revenue for specialist courts, tribunals and other authorities' services increased by 117% in real terms between 2003/04 and 2007/08. This is due in part to the addition of new functions, such as the Employment Court and coronial services, and growth in others, for example the expansion of the Waitangi Tribunal. This also includes activities, such as the Disputes Tribunal and Māori land services, which were previously grouped under other outputs.

It is anticipated that Ministry will continue to face inflationary pressures and increasing demand for justice services, with the effects of several new initiatives (such as 300 additional Police, in addition to the remainder of the 1,000 additional Police previously committed to) still to be quantified but expected to increase demand. This gap between revenue and expenditure is predicted, on the basis of current trends, to exceed \$15m by 2013.

Table 3: Ministry of Justice Projected Appropriation vs Expenditure 2009/10 – 2012/13

(\$000)	Forecast 2009/10	Forecast 2010/11	Forecast 2011/12	Forecast 2012/13
Forecast Appropriation	458,291	456,148	470,743	451,418
Forecast Departmental expenditure	466,786	467,127	483,735	466,504
Surplus/(Deficit)	(8,495)	(10,979)	(12,992)	(15,086)

The Ministry's forecasts of expenditure have been derived by applying multipliers for the outyears to reflect:

- the economic forecasts produced in December by Treasury using 1.5% inflation for 2009/2010 and 1.9% for outyears for operating expenses.
- an assumption of no increase in depreciation or capital charge, which carries some risk if assets increase in value.

Increases in personnel costs have been excluded from these estimates [*deleted – confidentiality of advice*]. There are a number of time-limited funding sources that are due to expire at the end of 2008/09, explaining the decline in revenue forecast from 2009/10 onwards.

Table 4: Ministry of Justice Projected Expenditure 2009/10 – 2012/13

(\$000)	Forecast 2009/10	Forecast 2010/11	Forecast 2011/12	Forecast 2012/13
Personnel	201,598	202,298	212,598	201,598
Operating Expenses	156,800	156,440	162,749	156,517
Depreciation & Capital Charge	108,389	108,389	108,389	108,389
Total	466,787	467,127	483,736	466,504

Budget Bids

The Ministry is presenting a package of budget bids to address the cost pressures generated by implementation of the Government's 100-day priorities, and emergency pressures, largely in the courts and tribunal system.

Table 5: Ministry of Justice Budget Bids

Initiative Title	Vote	Net operating 2009/10	2010/11	2011/12	2012/13
<i>[deleted – confidentiality of advice]</i>					
Resourcing the Settlement of Historical Treaty Claims	Treaty Negotiations	5,350	5,618	5,618	5,618
Responding to pre-election commitments / 100 days priorities					
<i>[deleted – confidentiality of advice]</i>					
Funding of an Offenders Levy	Courts	1,022	<i>[deleted – confidentiality of advice]</i>	<i>[deleted – erroneous information unrelated to the table]</i>	
<i>[deleted – confidentiality of advice]</i>					
Youth Justice sentencing and programme changes	Courts	1,080	0,384	0,384	0,384
<i>[deleted – confidentiality of advice]</i>					
Flow on costs associated with additional 300 Police	Police, Courts	3,353	3,023	3,027	3,026
Emergency Cost Pressures Initiatives					
Mitigating waiting times in Auckland's Criminal Courts	Courts, Police, Corrections	5,814	7,603	7,603	7,603
Making our Courts Safer for all Court Users	Courts	2,078	2,884	3,590	3,390
<i>[deleted – confidentiality of advice]</i>					
<i>[deleted – confidentiality of advice]</i>					
<i>[deleted – confidentiality of advice]</i>					
Savings Initiatives					
Improving the collection of Fines	Courts	2,555	3,976	3,239	3,291
			-16,394	-17,247	-17,255
Total Costs		<i>[deleted – confidentiality of advice]</i>			
Total Savings		<i>[deleted – erroneous information unrelated to the table]</i>			

Demand pressures

Policy advice

Revenue for policy advice increased 68% in real terms between 2003/04 and 2007/08. This funding was to address significant deficiencies in the Ministry's policy advice function identified through the 2004 Baseline Review. In 2007/08, the Ministry delivered 169 Cabinet papers compared with 123 in 2003/04. This represents an increase of 38%, and demonstrates that demand for policy advice has continued to grow. The number of bills on the legislative programme (29) was lower than in 2003/04 (43). However, the Ministry still manages more bills and administers more acts than comparable policy agencies.

The Ministry of Justice administers 171 Acts. In 2007/08 the Ministry had 29 bills on the legislative programme and delivered 169 Cabinet papers, as shown in the table below. Vote Justice also has a high volume of ministerials, parliamentary questions and Official Information Act requests.

The two tables below compare the Ministry's policy group to other large agencies across government in 2003/04 and then again in 2007/08. The tables reflect that the demands placed on the policy group are higher than those placed on comparable policy groups in other agencies. The tables also reflect that resources are used with comparative efficiency in meeting these demands.

Table 6: Ministry of Justice Policy Advice Comparison with Other Agencies, 2003/04

Item	MOJ		Agency 1		Agency 2		Agency 3	
	Total	Per FTE	Total	Per FTE	Total	Per FTE	Total	Per FTE
Number of Policy Analysts	60	-	90	-	198	-	234	-
Ministerials	1,777	29.6	1,435	16	1,904	9.6	2,006	8.57
PQ's	352	5.8	170	1.8	411	2.07	1,252	5.35
OIA's	180	3	33	0.36	N/A	N/A	421	1.8
Bills on Leg Programme	43	0.7	4	0.04	22	0.11	11	0.04
Cabinet papers Delivered	132	2.2	90	1	164	0.82	90	0.38
Briefings to Ministers	760	12.6	515	5.7	N/A	N/A	1,000	4.27
Group by items as a total	3,244	53.9	2,247	24.9	N/A	N/A	4780	20.4

Table 7: Ministry of Justice Comparison with Other Agencies, 2007/08

Item	Ministry of Justice	Ministry of Economic Development	Department of Internal Affairs	Ministry of Social Development
Total actual funding for policy advice for 2007/08 (\$000)	24,963	56,531	17,242	43,731
Votes of agencies that include policy advice expenses	Justice and Treaty (Vote Treaty resources are not at the Minister of Justice's disposal)	Economic, Industry and Regional Development, Commerce, Communications, Consumer Affairs, Energy, and Tourism.	Internal Affairs, Emergency Mgmt, Ministerial Services, Local Govt, Community Voluntary Sector, Racing	Social Development, Child, Youth and Family Services, Senior Citizens, Veterans' Affairs, and Youth Developments
Volume of Ministerial Services handled by Vote	1900 enquiries (Vote Justice)	1215 enquiries (Vote Commerce)	1409 enquiries (Vote Internal Affairs, Community and Voluntary Sector, Emergency Mgmt, Local Govt, and Racing)	3343 enquiries (Vote Social Development)
Bills on LEG Programme 2007/08	29	23	4	11
Administration of Acts	171	106	87 (includes regulations)	16
Cabinet papers delivered	169	219	81	83

Revenue for policy advice is very small compared with spend on other services in the Ministry of Justice, however, it is a key lever for the achievement of some of the highest profile issues for Government.

Treaty of Waitangi and Foreshore and Seabed Settlements

The Office of Treaty Settlements represents the Crown in Treaty of Waitangi negotiations, on behalf of a wider group of agencies. Increased pace, high demand and developments in the way in which negotiations are settled have led to increased expectations amongst claimants both in terms of the nature of and then speed with which the settlements may occur.

It is unlikely to be possible to reduce the number of groups with which OTS is working in 2008/09 and beyond. Commitments have been given to groups at a Ministerial level, and OTS is identifying how it will deliver on those commitments to avoid a negative impact on Crown-Māori relationships. More resources to deal with the increase in volume will be necessary.

Increasing workload demands are being placed on OTS over time. While achievement of these outputs was reduced in 2006/07, the level of output had been steady for three years prior to that. In the past year, this has increased by an overall 38%. Further, commitments

made for the early part of the 2008/09 year and current work-in-progress suggest a significant increase compared with 2007/08. The table below shows the number of milestones achieved each year for the past five years.

Table 8: Progress on Treaty of Waitangi Settlements 2003/04 to 2007/08

Milestone	2003/04	2004/04	2005/06	2006/07	2007/08	% change 2003/04 to 2007/08
Deed of Mandate	6	2	5	2	3	-50%
Terms of Negotiation	2	4	3	1	5	150%
Agreement in Principle	1	2	2	1	5	400%
Deed of Settlement	2	2	1	1	3	50%
Bills Ready	2	2	2	1	2	0%
Total	13	12	13	6	18	38%

Revenue and staffing levels have also grown to support the implementation of the Foreshore and Seabed Act, introduced in late 2004.

Court pressures

Despite the reduction in recorded crime over the last decade, both in absolute numbers and per head of the population, there has been significant growth in the volumes entering the criminal justice system over this period. This has had a significant impact on the workloads of the courts system. During that period, the offence categories with the highest levels of offending have been dishonesty, drugs and anti-social, and violence (in that order). The reduction in crime is mainly due to fewer dishonesty offences, such as theft, burglary and fraud. This has been offset by strong growth in violence and property damage with significant implications for resources in the justice sector.

This growth in high-end offences has led to a growth in costly multi-defendant jury trials. While jury cases represent less than 1% of the cases coming into the District Court, they use almost 20% of the total sitting time.

In response to the volume pressure, District Court sitting time has increased by 26% over the past five years, and disposals have increased by 12.5%, indicating courts are on average having to sit longer to achieve each disposal. Cases are taking more effort to achieve disposal. For example, average sitting hours per jury trial have been steadily increasing by around 3% per year.

Despite the strong growth in sitting time and disposals, the District Court continues to dispose of fewer cases than are entering the system. As a result, cases on hand have grown in most jurisdictions. In particular, the number of summary cases on hand is up 20% and jury cases on hand are up 14%.

Demand in the criminal jurisdiction is expected to grow. Key drivers are the continuing increases in police clearance rates (benefiting from both new technology and additional Police resourcing); more serious cases (on average); and average sitting time per case increasing.

Demands in other parts of the Courts system are also increasing. The High Court continues to experience new business growth, for example in the Associate Judge jurisdiction to cover matters such as bankruptcies and liquidations. The civil justice system will continue to face high demands in the future. The economic downturn is likely to increase the number and intensity of disputes over the next few years (the increase is already being felt with 962 new cases last year up from 912 in 2004/05). The overall volume of new cases in the courts is increasing and civil cases face lengthy waiting times in the District and High Courts. In addition, volumes in a number of specialist courts and tribunals continue to grow.

Auckland faces particular pressure in the court system. Courts are currently receiving new cases faster than they can dispose of them (which mean that waiting times continue to increase). Without more sitting hours or improved efficiencies, the number of cases on hand will continue to grow. Across the greater Auckland region, the Ministry's preliminary estimates include that 11 more jury courtrooms and 15 more general courtrooms will be required by 2018 for the District Court alone (all other things being equal). Additional judicial chambers, cells, meeting and waiting areas are also required. Additional judges, registry staff, prosecutors and probation resources may be required to work in these courts, depending on the types of changes made.

2004 Baseline Review

In late 2004, the Ministry completed its Baseline Review. The Review was necessary as a result of issues identified before and after the merger of the Ministry of Justice and the Department for Courts. The review was instigated at the time of the merger to address evidence of service failure in courts and under-resourcing of policy capability.

The review identified key risks in both key operational areas of the new Ministry; courts operations and policy development.

The Baseline Review compared the Ministry of Justice policy group to the policy groups of three other agencies, Ministry of Social Development, Ministry of Economic Development and the Department of Internal Affairs. The results showed that the Ministry had the lowest number of core policy staff and yet managed at least double the bills on the legislative programme, produced more cabinet papers than two other agencies and administered more legislation than two of the other agencies. In every item of work that is reflective of core policy outputs, the Ministry of Justice managed or produced a greater output than any of the other agencies, often by a factor of three or more. While new funding addressed some of this imbalance, the Ministry remained significantly more efficient than comparative agencies in 2007/2008.

In courts operations, the Baseline Review identified run-down infrastructure, a lack of management information on which to make adequate resourcing decisions, and over-stretched staff. The Baseline Review identified the need for additional staff and funding in a wide range of areas across the Ministry. It provided for \$156 million of additional operating investment (over four years), for improving court operations, HR, and property and IT infrastructure, as well as expanding both the number and skill of the Ministry's staff.

It is important to note that funding from the Baseline Review was explicitly intended to raise quality levels across a somewhat overstretched Ministry, not to address the problem of ever-

increasing volumes of uncontrollable demand for justice services. In other words, the Baseline Review was about raising the standards of service, not the volume of service.

OVERVIEW OF PROPOSED SAVINGS AND OPPORTUNITIES

This section provides an overview of proposed savings and opportunities identified as part of the line by line review, and the cost saving exercise begun in 2008.

As a result of this line by line review process and the cost saving work that was already underway, the Ministry has been able to identify a set of opportunities to align the Ministry's activities with the Government's priorities; to improve efficiency and effectiveness; and to reduce costs.

In addition the Ministry's activities have been examined and a number of opportunities for reducing service provision to make savings identified. Innovative changes to the way MOJ does business have also been identified, and can be expected to reduce costs in the long run.

Specific activities, projects and programmes undertaken by the Ministry have been brought together and assessed for their alignment with the Government's priorities. A number of work areas have been identified where alignment is not clear. Some savings can be made in these areas for Budget 2009/10, for example by scaling back work on *[deleted – confidentiality of advice]*.

Further investigation of other potential areas where alignment with the Government's priorities is under question could yield additional savings, as discussed in the next section.

The Ministry has identified a number of opportunities for improving its efficiency and effectiveness across its functions, activities, projects and programmes. Some savings can be made in these areas for Budget 2009/10.

Additional opportunities for improving efficiency and effectiveness could yield savings in Budget 2010/11 and outyears, as discussed in the next section. Further investigation of other potential opportunities could yield additional savings.

The Ministry of Justice faces cost pressures in its departmental appropriations. In addition, the Ministry has proposed budget initiatives to fund the Government's 100-programme, emergency pressures and OTS pressures. The savings initiatives are summarised in the table below.

It must be emphasised that the estimated savings are indicative only. While all care has been taken in the estimation of the savings in the time available, more detailed figures will be available with further work.

In addition, it should be noted that achieving these savings will not be easy. In particular, savings associated with reducing personnel costs will require appropriate consultation before final decisions can be made on whether or not to progress, and how this should best occur. The initiatives have the potential to cause disruption, distraction and loss of productivity. The Ministry is working on an approach to implementation to address these issues.

[deleted – confidentiality of advice]

Table 9: Summary of Savings Initiatives to Address Budget Needs

(\$000)	Forecast 2009/10	Forecast 2010/11	Forecast 2011/12	Forecast 2012/13
Forecast Appropriation	458,291	456,148	470,743	451,418
Forecast Departmental expenditure	466,786	467,127	483,735	466,504
Surplus/(Deficit)	(8,495)	(10,979)	(12,992)	(15,086)
Savings activities				
Immediate	<i>[deleted – confidentiality of advice]</i>			
Additional savings options for investigation				
Outyears savings to be further investigated				
Total savings activities				
Budget bids				
Remuneration				
OTS pressures				
100-day priority bids				
Emergency pressures excluding remuneration pressures				
Savings (collections)				
Total budget bids				
Total expected increases to Crown revenue from budget initiatives				

Savings for Budget 2009/2010 to balance Ministry budget and initial cost savings

Table 10 below summarises proposed initiatives which would realise savings in Budget 2009/2010. The most significant immediate changes are reductions in personnel expenditure, which can be realised, in part, as a result of attrition arising from the freeze on National Office recruitment since August 2008. The most significant impact is a reduction in the ability of the Ministry to deliver the Minister's policy priorities. The initiatives are described in more detail in Appendix G.

Further possible savings for Budget 2009/2010 if required

The Ministry has identified a number of further initiatives that could deliver further savings if required. These are shown in Table 11 below and described in more detail in Appendix H.

[deleted – confidentiality of advice]

Savings for 2010/2011 and outyears to be investigated further

Addressing continued pressures will require new ways of doing business. The Ministry expects that this ongoing review is likely to disclose short- and medium-term opportunities for redesigning the delivery of justice services that both yield substantial expenditure savings and preserve (or even enhance) the delivery of justice services (and accordingly the effectiveness and integrity of the justice system). This has the potential to improve the Ministry of Justice baseline, and the whole Justice Sector. In doing so, the Ministry is mindful of the need to further develop a culture of continual innovation and improvement.

Some examples of this include:

- ongoing development of court and legal aid processes in order to make the criminal jurisdiction more efficient, including moving the threshold for the election of jury trials
- reducing offending and victimisation, in order to reduce demand for justice services and pressure on courts
- addressing courts pressures in Auckland

In most cases, the potential savings that can be expected from these initiatives cannot be estimated at this time. As the projects progress, however, estimates will be able to be made of both the expected costs and expected benefits of the initiatives. While it may be possible to

begin to realise some savings for Budget 2009/2010, a more realistic scenario, were they to be agreed, would be to realise the savings in Budget 2010/2011 – hence the allocation of savings from these initiatives to 2010/2011. Some benefits, such as those arising from a new approach to reducing offending and victimisation, may take years to realise.

[deleted – confidentiality of advice]

The opportunities for further, longer-term, savings are described in Table 12 below and described in more detail in Appendix I.

Table 10: Savings to be made for Budget 2009/2010 to Balance the Ministry Budget and Provide Initial Cost Savings

Initiative	Vote	Source (Align, Efficiency, Reduce)	Risks and Impact	Estimated Reduction in FTEs	Estimated Net Savings 2009/10 \$000s	Estimated Net Savings outyears \$000s
Restructure and reduce personnel expenditure in Operations (i.e. Courts and Collections)	Courts	Reduce	Reduction in service delivery to public and to Ministers. Impacts on individual staff members. Impacts on ability of Ministry to do its job.	<i>[deleted – confidentiality of advice]</i>		
Restructure and reduce personnel expenditure in the policy function	Justice	Align Reduce		37	2,951	2,951
Restructure and reduce expenditure in the sector related functional area	Justice	Efficiency		5	1,670	1,670
Better procurement of print services	All Votes	Efficiency	Timeframe for negotiation of agreements & changes to business processes	0.5	620	1,245
<i>[deleted – negotiate without prejudice]</i>						
Self insurance of property portfolio	All Votes	Efficiency	Financial implications of serious adverse event	0	<i>[deleted – negotiate without prejudice]</i>	
<i>[deleted – judicial information]</i>						
Sublet part of the Vogel Centre in Wellington	All Votes	Efficiency	Less working space per staff member. Reduced flexibility	0	800	800
Renegotiate IT contracts	All Votes	Reduce	Reduction in service levels. Risk of unacceptable disruptions	0	<i>[deleted – negotiate without prejudice]</i>	
Consolidate IT servers	All Votes	Efficiency	Business improvement Very limited risks Estimated savings not realised	0	280	280
Reduce the staff Learning and Development fund	All Votes	Reduce	Staff capability	0	540	540
Reduce the level of maintenance completed on property	Courts	Reduce	Deterioration of property and costly catch-up maintenance required	0	500	500
Total				<i>[deleted – confidentiality of advice]</i>		

Table 11: Further Possible Savings to be made for 2009/2010 if Required

[deleted – confidentiality of advice]

Table 12: Savings for 2010/2011 and Outyears to be Investigated Further

Initiative	Vote	Source (Align, Efficiency, Reduce)	Risks and Impact	Net savings 2010/11 \$000s	Net savings Outyears \$000s
<i>[deleted – confidentiality of advice]</i>					
Progress criminal procedure simplification	Courts	Efficiency	Relationship risks Flow on impacts in courts	Further work req'd	Further work req'd
<i>[deleted – confidentiality of advice]</i>					
Take a new approach to reduce crime and victimisation	N/a	Efficiency	Long lead time before benefits are realised	Further work req'd	Further work req'd
<i>[deleted – confidentiality of advice]</i>					
Reduction in bank fees by reducing use of cheques	All Votes	Efficiency	Estimated savings not realised	<i>[deleted – negotiate without prejudice]</i>	
<i>[deleted – judicial information]</i>					
<i>[deleted – confidentiality of advice]</i>					
Improve Auckland service delivery	Courts	Efficiency	Ensure quality does not reduce. Transition and implementation risks	Further work req'd	Further work req'd
<i>[deleted – confidentiality of advice]</i>					
Reconsider the capital budget	All Votes	Efficiency	Savings lower than expected Lock in	Further work req'd	Further work req'd

Initiative	Vote	Source (Align, Efficiency, Reduce)	Risks and Impact	Net savings 2010/11 \$000s	Net savings Outyears \$000s
<i>[deleted – confidentiality of advice]</i>					
Total				<i>[deleted – confidentiality of advice]</i>	

[deleted – confidentiality of advice]

Policy, operational and corporate implications for savings initiatives

- *[deleted – confidentiality of advice]*

Work programme areas to be investigated further for alignment with priorities, efficiency and effectiveness

In addition to the savings opportunities identified above, the Ministry has assessed its work programme activities for alignment with the Government's priorities and for opportunities to increase their efficiency and effectiveness. This assessment also includes an indication of where performance measures could be improved, and where insufficient information is available on which to make a judgement about efficiency or effectiveness. The overall assessment, summarised in Appendix J, provides the basis for continuing, stopping, scaling or further investigation of the work area.

[deleted – confidentiality of advice]

Opportunities to align work programme with Government priorities

With the agreement of Ministers, a significant number of work programme items have already been dropped. Further activities, projects and programmes have been identified as potentially loosely aligned with the government's priorities. Ministerial guidance will be required on these work items to determine whether they should be continued, scaled back, or terminated. They include:

- *[deleted – confidentiality of advice]*

Opportunities to enhance efficiency and/or effectiveness of work areas

A number of other areas of work have been identified as potentially providing opportunities for enhancing their efficiency and/or effectiveness.

These areas of work will be investigated further to see how they can be made more efficient and/or effective:

[deleted – confidentiality of advice]

Work will be scaled back in these areas:

- Justice Sector Budget Process
- Miscellaneous Property Maintenance Projects
- International Covenant on Economic, Social and Cultural Rights
- Convention against Torture
- International Covenant on Civil and Political Rights

Work will be stopped in these areas:

- Intelligence Gathering Strategy (Stakeholder Management)
- Presentation of New Zealand Statute Law

More work will need to be undertaken to investigate the potential costs and benefits of these opportunities before decisions can be taken to progress them further.

Non-departmental expenditure

The Ministry's line by line review process has also covered non-departmental expenditures, which make up around 60% of the Ministry's annual expenditure. Note that of the \$7.95m Non-departmental Output Class (NDOC) funding for Crime Prevention and Community Safety Programmes most is committed, in the form of contracts or other legally binding commitments, until June 2010. Some funding (\$1.7m) will be available from June 2012. This is because the Ministry has entered into 3-5 year funding arrangements with some providers and territorial authorities. Reprioritisation or reallocation of funding will need to take into account the timing of the money becoming available.

See Appendix G for a discussion of Crown Entities.

These reviews have been conducted in a short time, and there are opportunities to revisit them in more detail. The Ministry has identified potential opportunities for improved efficiencies and effectiveness by:

[deleted – confidentiality of advice]

NEXT STEPS

This review has been undertaken within a very short timeframe, and the savings and opportunities for increasing efficiency and effectiveness that have been identified are necessarily indicative. The review builds on proactive work already underway in the Ministry to identify cost savings. As a result, many areas of potential cost savings are currently being explored in more detail and further opportunities for enhancing efficiency and saving costs are being sought.

Further reviews have been indicated, and there are a number of measures to be undertaken to progress the measures identified in this exercise and to prepare for further ongoing review.

Progression of cost savings identified

The measures identified for Budget 2009/10 have focused on identifying enduring cost savings commensurate with the maintenance of service delivery to the public.

The cost savings measures already identified for Budget 2009/10 are being investigated in more detail to assess their feasibility, estimate the net expected cost savings, and identify the risks and impact on service delivery, including the effects on the rest of the sector.

Most of the savings in personnel expenditure come from the recruitment freeze in place since August 2008. However, any restructuring to reduce personnel expenditure will require a process of consultation with staff before any final decisions can be made.

[deleted – confidentiality of advice]

A number of projects have been identified where insufficient information is currently available to assess their alignment with Government priorities, their efficiency or effectiveness. These projects will be examined in more detail to identify their benefits and any opportunities to reduce their scale or scope or terminate them to generate savings.

Exploration of other opportunities for cost savings and enhancing efficiency

[deleted – confidentiality of advice]

Innovations that will change the way the Justice system does its business are currently being progressed, but the impact is expected to occur in the medium term.

Identification of further opportunities for cost saving

The Ministry's approach is an ongoing one of seeking opportunities for enhancing efficiency and effectiveness through innovation and continuous business improvement. In addition, the Ministry's cost saving exercise will continue to co-ordinate the identification and progression of cost saving and efficiency-enhancing initiatives across the Ministry.

Manage changes

[deleted – confidentiality of advice]

APPENDIX A: GOVERNMENT PRIORITIES

The Ministry of Justice has reviewed the Government's pre-election manifesto, press statements, speeches, and post-election coalition agreements, and subsequent indications from the Minister of Justice (and his associates). Based on this review, the Government's Justice sector commitments have been categorised under seven broad themes, which have been used to assess the Ministry's work programme against Government priorities. It should be noted that much of the Ministry's business as usual work, such as supporting the smooth running of court services, does not fall within these categories, but are regarded as fully compatible with broader Government priorities.

Theme	Timing	Areas of focus
Addressing the drivers of crime	<i>Original*</i>	<ul style="list-style-type: none"> Tackle violent youth offending by bolstering Youth Court interventions & sentences, 'Fresh Start' programmes, drug/alcohol rehab for youth Police targeting of worst (inter-generational) crime families Extend Canterbury police Persistent Offender Programme Reduce offending by Māori Enhanced provision of prison rehabilitation (literacy, training, employment, D&A, mental health) and reintegration programmes Disestablish Criminal Justice Advisory Board
	<i>Additional**</i>	<ul style="list-style-type: none"> Alcohol
Better tools to respond to crime	<i>Original</i>	<ul style="list-style-type: none"> DNA testing for all arrests for imprisonable offences Toughen bail laws Strengthen statutory powers against gangs Tighten statutory control over 'meth' precursors More police, especially in Auckland
	<i>Additional</i>	<ul style="list-style-type: none"> Half-way houses for prisoners released on parole Anti-money laundering
Stronger sanctions to hold offenders to account and ensure public safety	<i>Original</i>	<ul style="list-style-type: none"> Worst repeat violent offenders not eligible for parole Good behaviour bond for released prisoners Abolish Sentencing Council
Strengthening the focus on victims (especially children)	<i>Original</i>	<ul style="list-style-type: none"> Victims Compensation Scheme On-the-spot protection orders for victims of domestic violence Review Sentencing Act relating to crimes against children Enhanced victim rights, support and follow-up services Enforce restorative justice agreements Urgently address family violence
	<i>Additional</i>	<ul style="list-style-type: none"> Child sentencing (Part 8 Crimes Act Review)

Theme	Timing	Areas of focus
Changes to constitutional and family law	<i>Original</i>	<ul style="list-style-type: none"> • Constitutional issues including Māori representation in Parliament • Review of the application of the Foreshore & Seabed Act • Achieving just and durable settlement of all historical Treaty claims by 2014 • Repeal Electoral Finance Act and reinstate Electoral Act 1993 • Referendum on MMP by 2011 • DNA testing • Shared parenting the default care arrangement in separations
	<i>Additional</i>	<ul style="list-style-type: none"> • Human rights (e.g. UN HR Council in May 2009) • Reform of electoral law by 2010 (reinstatement of Electoral Act interim measure)
Improving court processes	<i>Original</i>	<ul style="list-style-type: none"> • Review of the Family Court system to reduce delays and encourage less adversarial processes • Raise the Disputes Tribunal jurisdiction to \$50,000 • Extend the jurisdiction of the Youth Court to include 12 & 13 yr old serious offenders • Review and reform of the civil justice system
	<i>Additional</i>	<ul style="list-style-type: none"> • Criminal Simplification • Auckland as priority area for courts improvements • Collections segmentation project
Improved value from public spending and support for economic growth	<i>Original</i>	<ul style="list-style-type: none"> • Improve value for money in public sector • Review to identify and remove inefficient / superfluous regulation • Infrastructure investment via an infrastructure plan • Private prisons / tender prison management

*As identified in pre-election statements, speeches, press-releases, and post-election coalition agreements up to 23 December

** indicated by Justice Ministers post 23/12

APPENDIX B: VOTE JUSTICE ANALYSIS

The Minister buys from the Ministry...

	(\$000)	2004/05	2005/06	2006/07	2007/08	2008/09
Vote Justice						
Policy Advice		15,061	20,253	22,816	24,963	27,942
Sector Leadership and Support		2,870	4,592	5,815	5,101	5,523
Crime Prevention and Community Safety		1,546	1,321	943	1,656	1,492
Ministerial Servicing		-	-	-	-	-
Mgmt of the parliamentary Electoral system		-	18,666	4,809	9,323	24,471
TOTAL		19,477	44,832	34,383	41,045	59,428

The Minister buys from others through the Ministry...

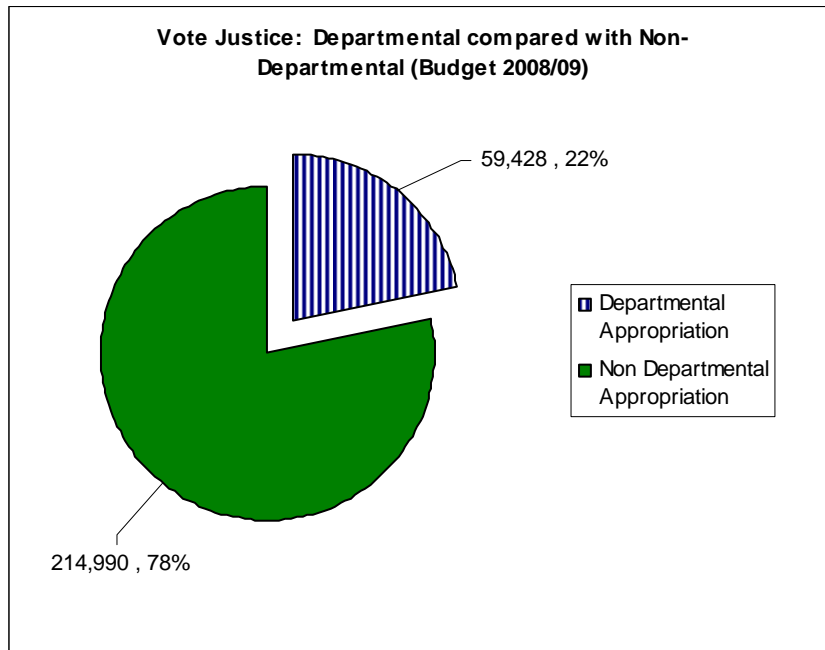
	(\$000)	Budget 2008/09	Forecast 2009/10	Forecast 2010/11	Forecast 2011/12	Forecast 2012/13
Administration of Legal Services Agency		17,952	19,131	19,077	17,507	17,507
Advice from the Law Commission		4,619	4,800	4,723	4,120	3,842
Equity Promotion and Protection Services		16,260	16,306	16,243	16,268	16,268
Equity Promotion and Protection Services - Inspector General PLA		130	130	130	130	130
Support and Assistance provided by Victim Support to Victims of Crime		6,258	6,363	6,367	6,372	6,372
Producing and Maintaining Electoral Rolls		17,589	11,780	19,301	14,192	14,192
Provision of Electoral Services - Broadcasting PLA		2,855	-	-	2,855	-
Provision of Electoral Services		2,334	734	734	1,134	734
Legal Aid		129,563	115,960	115,960	115,960	115,960
Crime Prevention and Community Safety Programmes		7,950	7,900	7,900	7,900	7,900

	(\$000)	Budget 2008/09	Forecast 2009/10	Forecast 2010/11	Forecast 2011/12	Forecast 2012/13
Provision of Protective Fiduciary Services		4,500	4,500	4,500	4,500	4,500
Intensive Intervention for Serious Recidivist Young Offenders		2,000	-	-	-	-
Sentencing Council		1,702	1,424	1,340	1,307	1,307
Contribution to Foreshore and Seabed Negotiation Costs		1,278	300	300	300	300
TOTAL		214,990	189,328	196,575	192,545	189,012

The Ministry spends on Vote Justice...

	(\$000)	Budget 2008/09	Forecast 2009/10	Forecast 2010/11	Forecast 2011/12	Forecast 2012/13
Personnel		35,669	24,225	24,925	35,225	24,225
Operating		21,872	11,777	16,672	22,147	13,951
Depreciation and capital charge		1,887	1,898	1,898	1,898	1,898
TOTAL		59,428	37,900	43,495	59,270	40,074

The Ministry spends on departmental and non-departmental...



Vote Justice cost saving initiatives are proposed as follows...

Initiative	Priority	Source	Risks and Impact	FTEs	Net savings 2009/10 \$000	Net savings 2010/11 \$000	Net savings Outyears \$000
Restructure and reduce personnel expenditure in the policy function	09/10 savings to balance budget & initial cost savings	Align Reduce	Reduction in service delivery to public and to Ministers. Impacts on individual staff members. Impacts on ability of Ministry to do its job.	37	2,951	2,951	2,951

Initiative	Priority	Source	Risks and Impact	FTEs	Net savings 2009/10 \$000	Net savings 2010/11 \$000	Net savings Outyears \$000
Restructure and reduce expenditure in the sector related functional area	09/10 savings to balance budget & initial cost savings	Efficiency	Reduction in service delivery to public and to Ministers. Impacts on individual staff members. Impacts on ability of Ministry to do its job.	5	1,670	1,670	1,670
<i>[deleted – confidentiality of advice]</i>							
Total					<i>[deleted – confidentiality of advice]</i>		

In addition, some cost saving initiatives apply across all three Justice votes....

Initiative	Priority	Source	Risks and Impact	FTEs	Net savings 2009/10 \$000	Net savings 2010/11 \$000	Net savings Outyears \$000
Better procurement of print services	09/10 savings to balance budget & initial cost savings	Efficiency	Timeframe for negotiation of agreements & changes to business processes	0.5	620	1,245	1,245
Self insurance of property portfolio	09/10 savings to balance budget & initial cost savings	Efficiency	Financial implications of serious adverse event	0	<i>[deleted – negotiate without prejudice]</i>		
Sublet part of the Vogel Centre in Wellington	09/10 savings to balance budget & initial cost savings	Efficiency	Less working space per staff member. Reduced flexibility	0	800	800	800
Renegotiate IT contracts	09/10 savings to balance budget & initial cost savings	Reduce	Reduction in service levels. Risk of unacceptable disruptions	0	<i>[deleted – negotiate without prejudice]</i>		
Consolidate IT servers	09/10 savings to balance budget & initial cost savings	Efficiency	Business improvement Very limited risks Estimated savings not realised	0	280	280	280
Reduce the staff Learning and Development fund	09/10 savings to balance budget & initial cost savings	Reduce	Staff capability	0	540	540	540
<i>[deleted – confidentiality of advice]</i>							

Initiative	Priority	Source	Risks and Impact	FTEs	Net savings 2009/10 \$000	Net savings 2010/11 \$000	Net savings Outyears \$000
Reduction in bank fees by reducing use of cheques	Savings for 10/11 to be investigated further	Efficiency	Estimated savings not realised	-	-	<i>[deleted – negotiate without prejudice]</i>	
<i>[deleted – confidentiality of advice]</i>							
Reconsider the capital budget	Savings for 10/11 to be investigated further	Efficiency	Savings lower than expected Lock in	-	-	Further work req'd	Further work req'd
Take a new approach to reduce crime and victimisation	Savings for 10/11 to be investigated further	Efficiency	Long lead time before benefits are realised	-	-	Further work req'd	Further work req'd
Total				<i>[deleted – confidentiality of advice]</i>			

APPENDIX C: VOTE COURTS ANALYSIS

The Minister buys from the Ministry...

	(\$000)	2004/05	2005/06	2006/07	2007/08	2008/09
Vote Courts						
Higher Courts Services		36,213	41,659	47,369	55,067	58,615
District Court Services		125,904	141,187	152,363	172,188	189,157
Specialist Courts, Tribunals/Other Authorities Services		42,038	51,828	59,604	75,963	87,574
Waitangi Tribunal Services		7,212	7,381	7,957	9,618	9,788
Collection/Enforcement of Fines & Civil Debts Services		55,587	61,735	63,155	62,725	65,016
Ministerial Servicing		-	-	-	-	-
Total		266,593	303,790	330,447	375,559	410,150

The Minister buys from others through the Ministry...

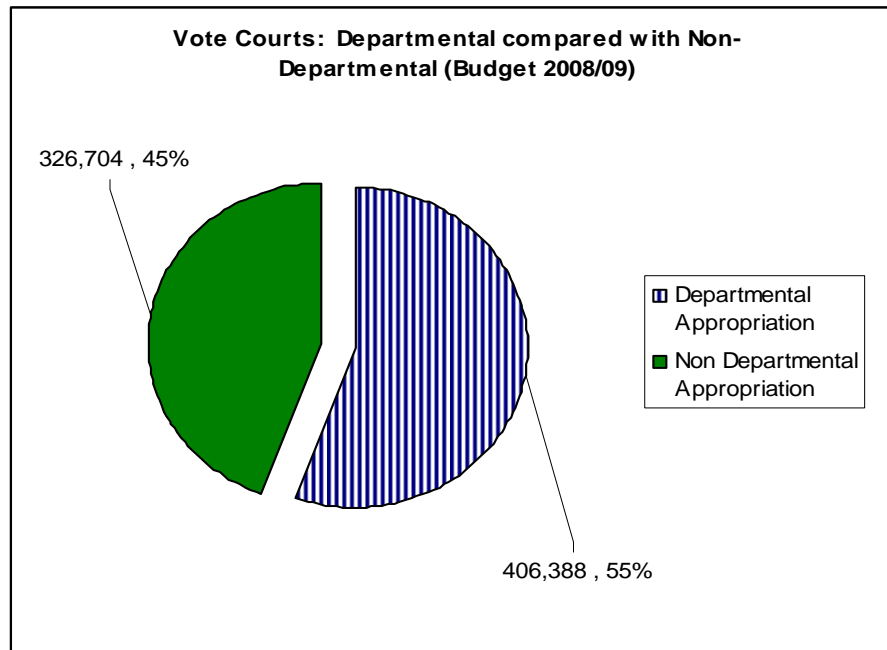
	(\$000)	2005/06	2006/07	2007/08	2008/09	2009/10
Remittals of Fines		85,369	100,442	115,882	115,882	115,882
Impairment of Fines Receivable		62,378	53,595	40,943	40,943	40,943
Family Court Professional Services		32,316	32,316	32,316	32,316	32,316
Domestic Violence Professional Services		12,926	12,926	12,926	12,926	12,926
Children Young Persons and Their Families Professional Services		9,250	9,250	9,250	9,250	9,250
Coroner-Directed Post-Mortems		6,971	6,971	6,971	6,971	6,971
Abortion Supervisory Committee - Certifying Consultants Fees		5,063	5,063	5,063	5,063	5,063
Medical and Other Professional Services		3,978	3,978	3,978	3,978	3,978
Personal Property Protection Rights Costs		1,700	1,700	1,700	1,700	1,700
Judicial Review Costs		998	698	698	698	698

	(\$000)	2005/06	2006/07	2007/08	2008/09	2009/10
Costs in Criminal Cases		300	300	300	300	300
Assistance to Victims of Crime		40	40	40	40	40
Representations for Blood Sampling		10	10	10	10	10
Judges' Salaries and Allowances		88,270	88,270	88,270	88,270	88,270
Youth Court Professional Fees		6,800	6,800	6,800	6,800	6,800
Coroners Salaries and Allowances		4,414	4,331	4,331	4,331	4,331
Witness Fees and Expenses		2,800	2,800	2,800	2,800	2,800
Tribunal Members Fees and Expenses		1,713	1,713	1,713	1,713	1,713
Coroner Related Fees and Expenses		493	55	55	55	55
Justices of the Peace Association		310	310	310	310	310
MVDT Adjudicator Remuneration and Assessors Costs		305	305	305	305	305
Visiting Justices to Prisons		300	300	300	300	300
Total		326,704	332,173	334,961	334,961	334,961

The Ministry spends...

	(\$000)	Budget 2008/09	Forecast 2009/10	Forecast 2010/11	Forecast 2011/12	Forecast 2012/13
Personnel		169,097	170,447	170,447	170,447	170,447
Operating		134,880	130,987	125,596	126,921	128,125
Depreciation and capital charge		106,172	106,172	106,172	106,172	106,172
Total		410,150	407,607	402,216	402,911	404,745

The Ministry spends on departmental and non-departmental...



Vote Courts cost saving initiatives are proposed as follows...

Initiative	Priority	Source	Risks and Impact	FTEs	Net savings 2009/10 \$000	Net savings 2010/11 \$000	Net savings Outyears \$000
Restructure and reduce personnel expenditure in Operations (i.e. Courts and Collections)	09/10 savings to balance budget & initial cost savings	Reduce	Reduction in service delivery to public and to Ministers. Impacts on individual staff members. Impacts on ability of Ministry to do its job		<i>[deleted – confidentiality of advice]</i>		
<i>[deleted – negotiate without prejudice]</i> <i>[deleted – judicial information]</i>							
Reduce the level of maintenance completed on property	09/10 savings to balance budget & initial cost savings	Reduce	Deterioration of property and costly catch-up maintenance required	0	500	500	500
<i>[deleted – confidentiality of advice]</i> <i>[deleted – judicial information]</i>							

Initiative	Priority	Source	Risks and Impact	FTEs	Net savings 2009/10 \$000	Net savings 2010/11 \$000	Net savings Outyears \$000

Initiative	Priority	Source	Risks and Impact	FTEs	Net savings 2009/10 \$000	Net savings 2010/11 \$000	Net savings Outyears \$000
Progress criminal procedure simplification	Savings for 10/11 to be investigated further	Efficiency	Relationship risks Flow on impacts in courts	-	-	Further work req'd	Further work req'd
<i>[deleted – confidentiality of advice]</i> <i>[deleted – judicial information]</i>							
Improve Auckland service delivery	Savings for 10/11 to be investigated further	Efficiency	Ensure quality does not reduce. Transition and implementation risks	-	-	Further work req'd	Further work req'd
<i>[deleted – confidentiality of advice]</i>							

Initiative	Priority	Source	Risks and Impact	FTEs	Net savings 2009/10 \$000	Net savings 2010/11 \$000	Net savings Outyears \$000
<i>[deleted – confidentiality of advice]</i>							
Total					<i>[deleted – confidentiality of advice]</i>		

[deleted – confidentiality of advice]

In addition, some cost saving initiatives apply across all three Justice votes...

Initiative	Priority	Source	Risks and Impact	FTEs	Net savings 2009/10 \$000	Net savings 2010/11 \$000	Net savings Outyears \$000
Better procurement of print services	09/10 savings to balance budget & initial cost savings	Efficiency	Timeframe for negotiation of agreements & changes to business processes	0.5	620	1,245	1,245
Self insurance of property portfolio	09/10 savings to balance budget & initial cost savings	Efficiency	Financial implications of serious adverse event	0	<i>[deleted – negotiate without prejudice]</i>		
Sublet part of the Vogel Centre in Wellington	09/10 savings to balance budget & initial cost savings	Efficiency	Less working space per staff member. Reduced flexibility	0	800	800	800

Initiative	Priority	Source	Risks and Impact	FTEs	Net savings 2009/10 \$000	Net savings 2010/11 \$000	Net savings Outyears \$000
Renegotiate IT contracts	09/10 savings to balance budget & initial cost savings	Reduce	Reduction in service levels. Risk of unacceptable disruptions.	0	<i>[deleted – negotiate without prejudice]</i>		
Consolidate IT servers	09/10 savings to balance budget & initial cost savings	Efficiency	Business improvement Very limited risks Estimated savings not realised	0	280	280	280
Reduce the staff Learning and Development fund	09/10 savings to balance budget & initial cost savings	Reduce	Staff capability	0	540	540	540
<i>[deleted – confidentiality of advice]</i>							
Reduction in bank fees by reducing use of cheques	Savings for 10/11 to be investigated further	Efficiency	Estimated savings not realised	0	-	<i>[deleted – negotiate without prejudice]</i>	
<i>[deleted – confidentiality of advice]</i>							
Reconsider the capital budget	Savings for 10/11 to be investigated further	Efficiency	Savings lower than expected Lock in	-	-	Further work req'd	Further work req'd

Initiative	Priority	Source	Risks and Impact	FTEs	Net savings 2009/10 \$000	Net savings 2010/11 \$000	Net savings Outyears \$000
Take a new approach to reduce crime and victimisation	Savings for 10/11 to be investigated further	Efficiency	Long lead time before benefits are realised	-	-	Further work req'd	Further work req'd
Total				<i>[deleted – confidentiality of advice]</i>			

APPENDIX D: VOTE TREATY NEGOTIATIONS ANALYSIS

The Minister buys from the Ministry...

	(\$000)	2004/05	2005/06	2006/07	2007/08	2008/09
Vote Treaty Negotiations						
Policy Advice – Treaty Negotiations		8,313	8,181	8,982	12,604	12,066
Representation – Waitangi Tribunal		3,713	2,558	2,637	1,501	2,961
Property Portfolio Management		5,879	5,496	6,025	6,682	6,212
Ministerial Servicing		-	-	-	-	-
Total		17,904	16,235	17,644	20,788	21,239

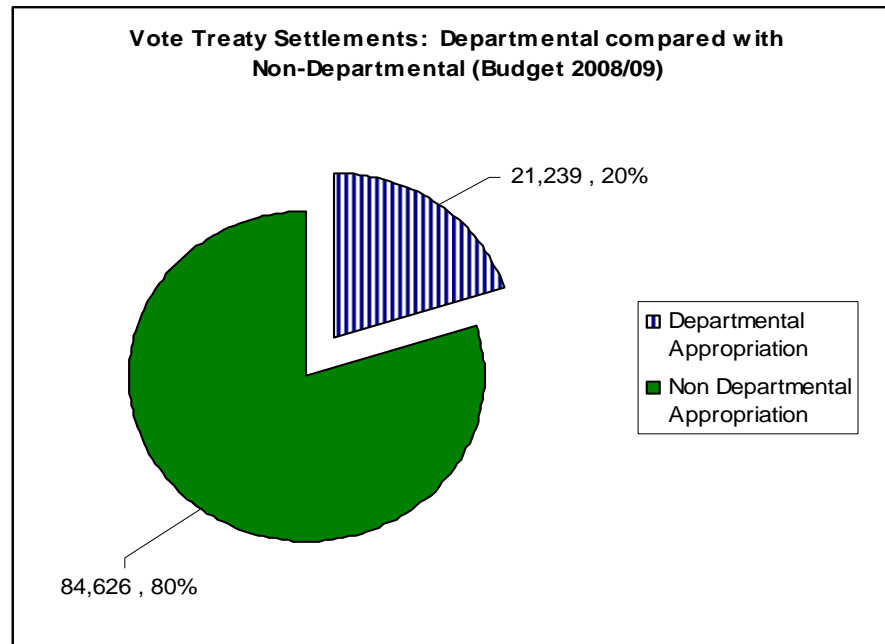
The Minister buys from others through the Ministry...

	(\$000)	2005/06	2006/07	2007/08	2008/09	2009/10
Crown Contributions to Taranaki Whanui's (Wellington) Waitangi Tribunal Costs and Negotiation Costs		1,946	0	0	0	0
Crown Contribution to Guardians Establishment Committee Costs		1,000	0	0	0	0
Crown Contribution to Te Roroa to facilitate Te Roroa's purchase of the deferred selection properties		6,000	0	0	0	0
Waikato River Statutory Board Establishment Committee		2,000	0	0	0	0
Debt Write-offs		120	120	120	120	120
Depreciation		2,100	2,100	2,100	2,100	2,100
Advance Payment Against Notionally Accrued Interest		1,600	0	0	0	0
Land, Stock, Plant Purchases		10,000	10,000	10,000	10,000	10,000
Historical Treaty of Waitangi Settlements		59,860	60,000	60,000	60,000	60,000
(Forecast spend against mya \$100m)		84,626	72,220	72,220	72,220	72,220

The Ministry spends...

(\$000)	Budget 2008/09	Forecast 2009/10	Forecast 2010/11	Forecast 2011/12	Forecast 2012/13
Personnel	6,425	6,926	6,926	6,926	6,926
Operating	14,496	14,035	14,173	14,311	14,441
Depreciation and capital charge	318	318	318	318	318
Total	21,239	21,279	21,417	21,555	21,685

The Ministry spends on departmental and non-departmental...



No specific cost savings initiatives are proposed for Vote Treaty Negotiations. However, some broader initiatives applying across all Votes will produce savings...

Initiative	Priority	Source	Risks and Impact	FTEs	Net savings 2009/10 \$000	Net savings 2010/11 \$000	Net savings Outyears \$000
Better procurement of print services	09/10 savings to balance budget & initial cost savings	Efficiency	Timeframe for negotiation of agreements & changes to business processes	0.5	620	1,245	1,245
Self-insurance of property portfolio	09/10 savings to balance budget & initial cost savings	Efficiency	Financial implications of serious adverse event	0	<i>[deleted – negotiate without prejudice]</i>		
Sublet part of the Vogel Centre in Wellington	09/10 savings to balance budget & initial cost savings	Efficiency	Less working space per staff member. Reduced flexibility	0	800	800	800
Renegotiate IT contracts	09/10 savings to balance budget & initial cost savings	Reduce	Reduction in service levels. Risk of unacceptable disruptions.	0	<i>[deleted – negotiate without prejudice]</i>		
Consolidate IT servers	09/10 savings to balance budget & initial cost savings	Efficiency	Business improvement Very limited risks Estimated savings not realised	0	280	280	280
Reduce the staff Learning and Development fund	09/10 savings to balance budget & initial cost savings	Reduce	Staff capability	0	540	540	540

Initiative	Priority	Source	Risks and Impact	FTEs	Net savings 2009/10 \$000	Net savings 2010/11 \$000	Net savings Outyears \$000
<i>[deleted – confidentiality of advice]</i>							
Reduction in bank fees by reducing use of cheques	Savings for 10/11 to be investigated further	Efficiency	Estimated savings not realised	0	-	<i>[deleted – negotiate without prejudice]</i>	
<i>[deleted – confidentiality of advice]</i>							
Reconsider the capital budget	Savings for 10/11 to be investigated further	Efficiency	Savings lower than expected Lock in	-	-	Further work req'd	Further work req'd
Take a new approach to reduce crime and victimisation	Savings for 10/11 to be investigated further	Efficiency	Long lead time before benefits are realised	-	-	Further work req'd	Further work req'd
Total				<i>[deleted – confidentiality of advice]</i>			

APPENDIX E: CROWN ENTITIES

The Justice sector contains six Crown entities. As the designated monitoring department, the Ministry is charged with overseeing and managing the Crown's interests in, and relationships with, these organisations.

In addition to overseeing the six Justice sector Crown entities, the Ministry also monitors the performance of Public Trust's provision of Protective Fiduciary Service (the Crown Company Monitoring Advisory Unit is responsible for overall ownership and monitoring advice in respect of Public Trust), and a number of other agencies. While these agencies are not subject to the Crown Entities Act 2004, the Ministry extends similar accountability requirements to these agencies to ensure good practice across the Justice sector.

With the exception of the Ngāi Tahu Ancillary Claims Trust¹, the agencies receive direct annual funding from the Crown through Vote Justice non-departmental output classes. The 2008/09 funding levels are included in the table below.

Table 13: Justice Sector Entities

Justice sector Crown Entity	Statutory Crown Entity Categorisation	2008/09 funding \$m
Electoral Commission	Independent Crown Entity	4.450
Human Rights Commission	Independent Crown Entity	9.113
Law Commission	Independent Crown Entity	5.737
Legal Services Agency	Crown agent	151.252
Office of the Privacy Commissioner	Independent Crown Entity	3.148
Independent Police Conduct Authority	Independent Crown Entity	3.863
Public Trust	Autonomous Crown Entity	4.500
Electoral Enrolment Centre	Business Unit of NZ Post Ltd	17.589
Ngai Tahu Ancillary Claims Trust	Listed on 4th Schedule of the Public Finance Act	0.055
Inspector General of Intelligence and Security	Independent Statutory Officer	0.150
Victim Support	Non-government organisation	6.258
Total funding for Justice Sector Crown entities and agencies		206.115

As noted in the Cabinet Business Committee paper on Improving Value-for-Money in the State Sector (CBC (08) 563), given that Crown entities are legally separate from the Crown it is not possible to direct them to carry out line by line reviews of their expenditure in the same way that departmental chief executives have been directed.

¹ The Ngāi Tahu Ancillary Claims Trust is funded through the operating budget of the Office of Treaty Settlements.

The Ministry has, however, encouraged the Justice sector Crown entities to address each of the three specific questions identified in the review, in respect of their own work programmes and performance. The comments from each entity have been taken into consideration by the Ministry and have informed the advice provided.

General Conclusions

The financial position and performance of each agency can be summarised in the following areas:

Accumulated Reserves

Under section 165 of the Crown Entities Act 2004, the Minister of Finance can require some statutory Crown entities to return a net surplus of appropriation to the Crown (net surplus includes both an annual profit and an accumulated surplus).

Most Justice sector Crown entities have reserves for completing specific activities (where the funding was appropriated in earlier financial years). The table below details the forecast level for reserves for the Justice sector Crown entities at 30 June 2009.

Table 14: Justice Sector Crown Entity Reserves

Entity	Forecast reserves at 30 June 2009 ² (\$ million)	Government funding for 2008/09 (\$ million)	Expenditure capacity of reserves (months)
Electoral Commission	0.54	4.45	1.45
Human Rights Commission	1.74	9.11	2.29
Independent Police Conduct Authority	0.67	3.86	2.07
Law Commission	1.44	5.74	3.01
Legal Services Agency	23.73 ³	151.25	1.88
Office of the Privacy Commissioner	0.83	3.15	3.15
Total	28.95	177.56	1.96

The Ministry recommends that each entity retain their levels of reserves in their entirety, as it creates strong incentives for the boards of the entities to manage cost pressures within the reserve accumulation.

The Ministry has identified Justice Sector entities where there are opportunities for improved efficiencies and effectiveness. This is discussed in the main body of this report.

² 2008/09 Statements of Intent.

³ Refers to balance held for legal aid payments as well as the administration of the Agency.

APPENDIX F: REDUCING PERSONNEL EXPENDITURE

Ministry of Justice personnel

The Ministry has 3,367 positions but employed 3,046 full time equivalent (FTE) employees at 31 December 2008. At the same date, the Ministry had 321 vacancies.

It should be noted that when comparing the Ministry's staff levels with previous years, actual FTE employees are compared. In previous years, the Ministry did not hold information on vacancies, and therefore the relative level to which the organisation was fully staffed.

The Ministry of Justice was established from the merger of the Department for Courts and the Ministry of Justice on 1 October 2003. Prior to the merger (30 June 2003) the Department for Courts had 2,065 FTE employees and the old Ministry of Justice had 189 FTE employees.

Ministry of Justice personnel increases over time

At 30 June 2004, following the merger, the new Ministry had a combined total of 2,348 FTE employees.

Since June 2004, the number of staff employed by the Ministry has increased in size by 698 FTEs. However, it is important to note that current staff numbers include a number of fixed-term roles due to the project specific nature of the role, as well as fixed-term staff engaged for the administration of the 2008 general election.

In June 2004 Justice Ministers decided to review the Ministry's baseline to lay a foundation for the development of a new strategic direction for the Ministry and to address the justice sector leadership role of the Ministry, support to the judiciary, infrastructure including information technology and property, capability issues and human resources.

The Baseline Review was agreed by Cabinet in April 2005 resulting in a staged increase in budget from 2005/06 based on an agreed implementation plan. The Ministry's corporate functions were reviewed as part of the merger and baseline review. Additional resourcing was added to these functions from 2005 to 2007. A new senior management structure was put in place.

In the period to June 2004, establishment of the Supreme Court commenced, additional frontline positions were added to strengthen the collection of fines and reparation to victims (44 positions), staffing for the Court of appeal increased (14 positions) to provide additional support to the judiciary and the Waitangi Tribunal.

In the year to June 2005, the Supreme Court was fully established (12 positions), the Employment Court transferred to the Ministry (9 positions), the security and protection of court users and the judiciary was extended (38 positions), additional positions were added to support the settlement of Treaty of Waitangi claims (10 positions) and the policy area (3 positions). Growth occurred in Collections to increase the resolution of outstanding fines and reparation to victims (44 positions). Staffing in the Maori Land Court also increased to support the impact of the Foreshore and Seabed Act (6 positions). Positions were also added to

Human Resources (6), the sector leadership function (22), policy (2), finance and support services (10), programme management capability (2), and support for the implementation of the baseline review (4).

In the year to June 2006, further strengthening of the Collections function occurred with the addition of a further 45 positions, 20 positions were added to policy (Criminal Justice and Public Law and the establishment of the Justice Strategic Policy Unit), 13 positions were added to Human Resources, 2 were added to Property, 12 positions added to Sector Leadership and Corporate Communications, and 44 positions added to Information Technology.

In the year to June 2007, new functions further added to the Ministry's staffing levels. Coronial Services resulted in 23 additional positions and the Weathertight Homes Adjudication Authority added 11 positions. Additional judicial appointments to the High Court in Auckland resulted in 9 additional support positions. Judicial support in the Court of Appeal increased by 3 positions. Higher Courts support increased by 5. The Maori Land Court increased by 14 positions in response to legislative changes in relation to coastal marine areas and the Foreshore and Seabed Act. Tribunals to support broader jurisdictions added 4 positions. The establishment of the National Transcription Service including the Evidence Recording and transcription Project added 8 positions. Frontline positions increased in District Courts (13 positions). Further increases occurred in policy (6 positions), Organisational Planning and Performance (6 positions), sector leadership and increased Crown Entity monitoring (8 positions), and Office of Legal Counsel (4 positions).

Over the last 18 months, the larger changes have included increases in staffing in the Maori Land Court, although some was managed through reassignment of existing personnel.

Using September 2008 data, the Ministry had 2,457.66 FTE employees directly involved in delivering services to an external client (including the policy function) and a further 531.76 FTE employees providing support to those staff who deliver their service to an external client.

Restructuring and reducing personnel numbers

The principal mechanism to make savings in the line by line review is through a reduction in personnel expenditure. This includes both a reduction in personnel and savings from structural changes and consolidation of services. In addition, there would be consequent savings, including computer support and office space.

The Ministry has had in place a recruitment freeze in National Office since August 2008, and there are 92 positions on hold as at 30 November 2008. This has put the Ministry in a position to use attrition as the main means of achieving savings in personnel expenditure for Budget 2009/10, although some redundancies are likely to be required.

[deleted – confidentiality of advice]

The potential savings from reductions in personnel expenditure at this stage are indicative only, as any restructuring will require consultation with staff (and in some cases the judiciary) before final decisions can be made and changes implemented. Staff losses will impact on the Ministry, and the structural changes required will be difficult to implement.

[deleted – negotiate without prejudice]



APPENDIX G: OPPORTUNITIES FOR SAVINGS TO BE MADE FOR BUDGET 2009/2010 TO BALANCE THE MINISTRY'S BUDGET AND PROVIDE INITIAL COST SAVINGS

Restructure and reduce personnel expenditure in Operations (i.e. Courts and Collections)

The Ministry is considering a range of possible options for structural change to reduce expenditure across Operations.

[deleted – confidentiality of advice]

The options affect both the Regional and National Office structures within Operations. These options have been analysed only at a high level and further detailed service design work and staff consultation is needed to take any recommendations forward. The impact on service delivery to the public is expected to be small, as savings do not directly involve front line staff.

Restructure and reduce personnel expenditure in the policy function

A 20% reduction in personnel expenditure in Policy and Legal Group (excluding the Office of Treaty Settlements) could be achieved by attrition and restructuring of the Crime Prevention and Criminal Justice unit (assuming current turnover rates continue).

The indicative savings are \$2.951m p.a., equivalent to 37 FTEs. The Policy Work Programme will need stringent prioritisation to deliver the Government's policy requirements with a reduced level of staffing.

Restructure and reduce expenditure in the sector related functional area

The Sector Strategy Business Unit (within Strategy and Corporate) supports the Ministry's role in sector leadership and enhancing sector collaboration. It is responsible for the development and implementation of the sectors' outcomes and performance framework; for the co-ordination of the sector's budget initiatives and for enhancing the sector's knowledge base by sharing data and information and through its research programme. The Ministry proposes to reduce expenditure in this business unit by 20% or \$1.670m per annum through restructuring expenditure, reductions in personnel (an estimated 5 FTEs), and re-prioritising the work programme, with an acceptable level of service delivery.

Better procurement of printing services

The Ministry of Justice would benefit from a centralised printing arrangement, for the printing of all juror-related letters, fines collection and Court-related documents generated via the on-line Case Management System. Savings could include:

Table 15: Print procurement savings

Printing type	Saving (\$000)
Juror summons	0.5 FTE plus 100
All juror related letters	200
Juror payments	45
CMS	200
Collections	100
Postage	600
Total (estimate)	1,245

It is expected that around 50% of these savings could accrue in 2009/2010 – approximately \$620,000.

[deleted – negotiate without prejudice]

Self insurance of property portfolio

The Ministry could self-insure its property portfolio. There are risks that the costs faced are larger than the costs of the insurance, particularly if there are serious incidents.

[deleted – negotiate without prejudice]

[deleted – confidentiality of advice]

Sublet part of the Vogel Centre in Wellington

If personnel numbers in the Vogel Centre are reduced, a resulting decrease in floor space appears sensible. Half to one floor of the new Vogel building could be subleased, reducing the floor space from 16,600m² to 12,000m². If a whole floor is subleased, this would mean that the Ministry has a smaller footprint than currently across the three buildings (13,000m²).

It should be noted that it may be difficult to sublease floor space in the current fiscal environment – which is the key assumption underpinning this initiative.

[deleted – negotiate without prejudice]

Indicative savings are \$0.800m per annum (expected to be in the range of \$0.700m and \$1.4m), at a cost of space and flexibility.

Renegotiate IT contracts

The Ministry's IT support and telecommunications is outsourced to an external provider. These contracts provide for certain service levels in relation to the maintenance of the system and resolution of incidents.

[deleted – negotiate without prejudice]

The key risk associated with this change would be the risk of unacceptable disruptions to staff.

Consolidate IT servers

Servers could be consolidated from 435 down to 260 servers over a two year period to save an estimated \$280,000 per annum. Further work is being completed to examine this option, and finalise estimates.

Reduce the staff Learning and Development Fund

Investment in staff development could be reduced, if required to provide savings. For 2009/2010 the \$1.78m fund could be reduced by \$540,000. This proposal may impact on staff capability growth and may be counter to the findings of the Baseline Review which emphasised the need for staff training and development.

Reduce the level of maintenance completed on property

The Ministry property team has a property maintenance budget of \$3.5m for its 100 plus courts. This covers planned and preventative maintenance. Reducing this budget (noting that a lot of it is contractually committed) by \$500,000 per annum will result in a reduction in the level of maintenance currently provided which could lead to less than ideal public facilities.

APPENDIX H: OPPORTUNITIES FOR FURTHER POSSIBLE SAVINGS TO BE MADE FOR 2009/2010 IF REQUIRED

[deleted – confidentiality of advice]





APPENDIX I: OPPORTUNITIES FOR SAVINGS FOR 2010/2011 AND OUTYEARS TO BE INVESTIGATED FURTHER

[deleted – confidentiality of advice]

Progress criminal procedure simplification

There is increasing criticism of the speed, inefficiency, legislative complexity and technological obsolescence of criminal procedure. Growing criminal workloads are also placing substantial additional pressures on the courts and all parts of the system. Increased disposal rates are not keeping pace with increasing volumes of work in all jurisdictions. Further, there is concern that in some areas, particularly Auckland, the court system is close to its maximum disposal performance; and it is expected that workloads will continue to increase. For example, the number of entrants into the criminal justice system is forecast to continue to grow at around 4.5% to 6% per annum nationwide, with a corresponding impact on court workload.

To deliver the necessary improvements, all initiatives aimed at improving court timeframes and efficiency have been brought together as a co-ordinated package under the Criminal Procedure (Simplification) Project. This project, established late in 2007, is being managed by the Ministry of Justice and involves the Law Commission and key justice sector agencies, including the New Zealand Police and the Legal Services Agency.

The major components shaping the Project's comprehensive work programme, include:

- Better case management procedures;
- A more robust combination of incentives and sanctions;
- More effective workload distribution between the District and High Courts; and
- Greater use of technology.

One example of an initiative under this category is moving the threshold for election of jury trials. The threshold for the election of trial by jury could be shifted, to reduce jury costs and deal with projected increases in jury trial workloads. If jury trials are only available for cases with a minimum of five or seven years, savings can be made. Further savings could be made by improving call over procedures. However, in year one, costs would be incurred as part of the Criminal Procedure Simplification project to prepare for this.

The Project's overall aim is to simplify current criminal procedure and reduce unnecessary delay and inefficiency.

This work includes working with the Legal Services Agency in order to create incentives to change the behaviour of the defence bar in ways that are compatible with the new procedures.

[deleted – confidentiality of advice]

Take a new approach to reduce crime and victimisation

A new approach is needed to reduce crime and victimisation, by dealing with the drivers of crime and not just the results. Addressing the drivers of crime to prevent it occurring in the first place will improve outcomes for New Zealanders, and reduce inflows into the justice system (therefore more effectively managing the costs of handling the ever-increasing numbers of defendants and prisoners). By targeting interventions to where they will be most effective, the net benefit of tax-payer investments can be maximised by:

- Allowing for investment and other decisions to be balanced across efforts to run an effective criminal justice system and those to build safer communities and address crime and its contributing factors.
- Influencing agencies and strategies operating within the sphere of criminal justice to get crime prevention outcomes incorporated into their programmes and initiatives.
- Ensuring all players are sharing consistent information, accessing expertise and are working collectively toward common goals, improving efficiency and effectiveness.
- Reducing the over-representation of Māori in all parts of the criminal justice system by targeting interventions to where they will generate the most benefit.

Further analysis is required as to how this work could produce actual savings.

[deleted – confidentiality of advice]

Reduction in bank fees by reducing use of cheques

The Ministry incurs bank fees relating to the issuance of cheques. A large number of cheques are generated when reimbursing juror fees. The Ministry will consider other means for paying jurors so that the number of cheques issued and the associated cost of issuing cheques decreases.

[deleted – negotiate without prejudice]

[deleted – judicial information]

[deleted – confidentiality of advice]

Improve Auckland service delivery

The Ministry of Justice has identified a number of initiatives to make the court system cheaper and faster in Auckland. They would save costs by addressing this problem in cheaper ways than current business models. In the short term these include:

- Completing a dedicated courthouse for tribunals and specialist courts, which is a cost-effective way of creating more space in the Auckland District Court to hear criminal cases, as well as creating economies of scale for tribunals.
- Adding two additional judges to reduce the backlog of cases arising from the transfer of Class A drug cases from the High Court, and implementing new jury arrangements to save time and costs.
- Expanding the Public Defence Service and a Duty Solicitor initiative, which help to make the court process more efficient and dispose of cases more quickly, and
- Introducing Community Magistrates in Auckland to address the large volume of less complex matters, freeing up judges (who are a more expensive resource) to address the more complex cases.
- Opportunities for extending operating hours.

In the medium term this may include developing a specialist jury trial courthouse in Manukau, a new court precinct in Waitakere, and a service centre to take customer contact and backroom processing functions from existing courthouses, freeing up space to increase the processing of criminal cases.

[deleted – confidentiality of advice]

Reconsider the capital budget

The Ministry of Justice supports the functioning of the Supreme Court, Court of Appeal, High Court, and District Courts, as well as a group of Specialist Courts and Tribunals. Ownership of court facilities leads to significant ongoing depreciation, capital charge, maintenance and insurance costs for the Ministry, with limited control over the level of associated expenditure.

In addition, the Ministry is a considerable user of information technology, another significant driver of depreciation costs (particularly due to the high rate of depreciation of technology).

The Ministry has been considering leasing opportunities rather than owning facilities and hardware, provided that the total cost of ownership is lower. To date, this has yielded little financial benefit.

It is appropriate to consider the future levels of IT and property assets as a lever for potentially reducing depreciation and capital charge. An option also exists to repay 'surplus cash' from the balance sheet to the Government so that the Ministry's capital charge is reduced as well as considering the levels of appropriate insurance to take out in relation to its court buildings.

Work needs to be completed to understand how feasible these changes are and how much savings could be realistically made, and whether current applications are sufficient to maintain operations at an efficient level.

[deleted – confidentiality of advice]

APPENDIX J: WORK PROGRAMME ANALYSIS

The table below assesses the Ministry National Office work programme items against Government priorities and makes a preliminary assessment of efficiency and effectiveness

[deleted – confidentiality of advice]

